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Shapiro Administration Announces \$13 Million in REAP Tax Credits to Help Farmers Improve Water and Soil Quality

The 2026-27 budget Governor Josh Shapiro signed this month continues record support for farm conservation and invests \$10 million in the Agricultural Innovation Grant Program to drive innovation plus \$13.8 million to fully fund the Pennsylvania Farm Bill to support business planning and infrastructure.

Hellam Township, PA – Agriculture Secretary Russell Redding today encouraged Pennsylvania farmers to apply for \$13 million in tax credits available to help them improve soil health and water quality on their farms. During [Pennsylvania No-Till Alliance](#)'s Soil Health Field Day at **Flinchbaugh Orchard**, Sec. Redding highlighted tax credits available through Pennsylvania's innovative conservation financing program, [Resource Enhancement and Protection](#) (REAP).

REAP tax credits can be combined with other state funding, including the [Agriculture Conservation Assistance Program](#), and [Conservation Excellence Grants](#), in addition to federal funding, to help pay for farm enhancements that protect the environment and the farmer's bottom line, as well as their ability to pass a sustainable farm down to the next generation.

"More than ever, Pennsylvania farmers are investing their own resources in cleaner water and productive soil to sustain us in the future," Secretary Redding said. "Their dollars, multiplied by support from historic levels of investment under the **Shapiro Administration**, are paying off in the form of healthier waterways and a greener future for Pennsylvania farms and communities. The visionary leadership of the Pennsylvania No-Till Alliance and farm families like the Flinchbaughs is no small part of that greener future."

Pennsylvania's [State Conservation Commission](#), a partnership of the Pennsylvania Departments of Agriculture and Environmental Protection, is accepting applications for REAP tax credits beginning August 1, 2026 from agricultural producers who implement best management practices or purchase equipment to reduce nutrient and sediment runoff, enhance soil health and improve water quality across the mid-Atlantic region.

[Pennsylvania farms have more than 1,235,76 acres of no-till crops](#) — that's 49% of the state's farmland according to the latest USDA Census of Agriculture. No-till and cover

crops are among the conservation practices improving waterways, building healthier soil, and building bottom lines by reducing input costs and improving yields. The impact of Pennsylvania's conservation investments by farmers and government, is evident in the [health of the Chesapeake Bay](#) — particularly the portion fed by Pennsylvania waterways — at its best in more than two decades.

The Flinchbaugh family farms more than 1,700 acres in the Chesapeake Bay watershed and has used no-till and cover-cropping methods for decades. The field day was an opportunity for farmers to see methods and equipment funded under REAP and other state conservation programs and to see the beneficial results first-hand.

"We've seen what the REAP tax credit program can do on our farm," **Flinchbaugh Orchards Co-owner Mike Flichbaugh** said. "It helped us buy a crop roller and a grain drill — equipment we probably would have waited longer to purchase without the program. When you're looking at a big investment like new equipment, every dollar matters. REAP made that decision a whole lot easier. If you're thinking about upgrading your equipment or trying new conservation practices like no-till, I'd encourage you to look into the program. It helps take some of the financial pressure off and makes it easier to invest in your farm's future."

REAP, which is in its eighth year of increased funding under the **PA Farm Bill**, awards farmers up to \$250,000 state tax credits in any seven-year period. Spouses filing jointly can also use REAP Tax Credits.

Examples of eligible projects include no-till and precision ag equipment, waste storage facilities, conservation plans, and [Nutrient Management Plans](#). Also eligible are measures that limit run-off from high animal-traffic areas, manure injection systems, cover crops, and stream buffers that prevent erosion and keep nutrients in the soil and out of the water. REAP now includes new incentives for forested stream buffers and silvopasture, practices Pennsylvania is a regional leader in adopting.

Farmers may receive REAP tax credits of 50 to 75 percent of a project's eligible out-of-pocket costs. Farmers whose operation is in a watershed with an EPA-mandated Total Maximum Daily Load (TMDL) can receive REAP tax credits for 90 percent of out-of-pocket costs for some projects.

Private investors may act as project sponsors by providing capital in exchange for tax credits, which allows farmers to receive funds quicker and increases lenders' confidence. Over 80 businesses have participated in REAP by sponsoring BMP projects on farms; or by buying REAP tax credits from farmers. Any individual or business subject to taxation by Pennsylvania through personal income tax, corporate net income tax, the bank shares tax or others is eligible to participate in REAP.

Through REAP, Pennsylvania has awarded over \$200 million in state income tax credits to farmers and businesses for over 10,000 projects on approximately 4,000 farms since it began in 2007. Improvements from these projects have kept eight million pounds of

nitrogen, 500,000 pounds of phosphorus, and 400,000 tons of sediment out of Pennsylvania streams and rivers and the waterways they feed. Private investments in REAP worth more than \$500 million have also contributed to the conservation projects.

REAP applications are reviewed on a first-come, first-served basis. Baseline eligibility includes compliance with the [PA Clean Streams Law](#) and the Pennsylvania Nutrient and Odor Management Law. Due to the popularity of the tax credits, funds may run out before the October 31, 2026 deadline to apply.

[More information about REAP](#), including the 2026-27 application packet, program guidelines and sponsorship process, is available at [agriculture.pa.gov](#).

Governor Josh Shapiro has championed sustainable farming practices that balance economic growth with environmental stewardship through:

- Investing more than \$154 million in the **Agricultural Conservation Assistance Program** (ACAP), which is changing the landscape of rural PA. More than 2,000 farmers statewide have sought financial and technical support through ACAP to improve their management practices to have lasting impact on not just their farms, but the entire region's water and soil health.
- Launching the nation's first **Agriculture Innovation Grant Program** in 2024 and seeding it with \$10 million. The now \$30 million program supports cutting-edge technical solutions on farms — equipment and facilities that require significant up-front investment but can cut costs and increase efficiency. Eighty-eight ag businesses in 46 Pennsylvania counties are funding progress through the grants.
- The program is funding anaerobic digesters to reduce waste and produce renewable energy from manure on dairy farms.

Supporting Farmers and Making Critical Investments in the Future of Pennsylvania Agriculture and Food Access

Pennsylvania's agriculture sector is the backbone of the Commonwealth, with more than 48,800 farms contributing over \$132 billion a year to the economy and supporting nearly 600,000 jobs in Pennsylvania. **Governor Shapiro** has prioritized strengthening both agriculture and food security — helping farmers, families, and communities thrive. The 2026-27 budget continues this work with:

- **\$10 million** to create **Fruit Grower Freeze Impact Grants**, supporting farmers who were impacted by this year's devastating spring freeze — in addition to [USDA streamlined assistance](#) secured after the Shapiro Administration [called for federal support](#) in May.
- **\$5 million** from the existing [Highly Pathogenic Avian Influenza \(HPAI\) fund](#) to expand education for farmers working to combat the spread of HPAI.
- **\$10 million** to continue the [Agricultural Innovation Grant Program](#) to drive innovation in Pennsylvania agriculture.
- **\$13.8 million** to fully fund the [Pennsylvania Farm Bill](#) to support business planning, infrastructure, and workforce development.

Learn how Governor Josh Shapiro's [Economic Development Strategy](#) recognizes agriculture as key to our future economic success and find more investments in a strong future for Pennsylvania agriculture at shapirobudget.pa.gov.

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